

The Colorado Economic Recovery Act: Facts for Taxpayers

The **four fundamentals** of Colorado's Taxpayer Bill of Rights (TABOR):

- TABOR is a *constitutional* provision.
- TABOR *limits the growth* of state government to inflation + population growth
- TABOR requires *voter approval for any tax increases*.
- TABOR *provides for taxpayer refunds* when revenues exceed the state limit.

TABOR has been *successful*: over the past three years, per capita general fund spending in Colorado is down more than 15%. However, because of its success, it is under attack from anti-taxpayer groups.

In order to protect TABOR from assault, Gov. Owens has worked to forge a compromise *that uses the very provisions of TABOR to protect its four fundamentals*. Specifically, this compromise:

- **Protects the TABOR limit on the growth of government.** House Democrats had proposed indexing government growth to personal income—a much more aggressive figure. At the Governor's insistence, the referendum before the legislature maintains the more conservative population + inflation formula.
- **Protects the TABOR requirement for voter approval of tax increases.** Under the compromise plan, voters will continue to maintain the right to approve any tax increases.
- **Protects the constitutional provisions of TABOR.**
- **Protects the right of voters to tax refunds in the future.** Under the legislative agreement, voters will be asked to approve a plan to eliminate refunds for 5 years. If approved, refunds will resume when the plan sunsets.
- **At the Governor's insistence, the legislature's plan has a 5 year sunset, with \$100 million set aside in year 6 for transportation.** House Democrats initially proposed a plan with no sunset—then offered one with a 10 year sunset, and have finally agreed to the Governor's demand that the plan have a 5 year limit.
- **Under the legislature's plan, no income, sales or property taxes are increased.** The plan does not increase marginal tax rates, but asks voters if they are willing to forgo tax refunds for five years.
- **The permanent tax relief enacted by the Governor will continue.** Coloradans currently enjoy \$500 million in annual, permanent tax relief, which will be unaffected by the legislative agreement. In addition, more than \$1 billion in revenue cuts have already been enacted by the Governor.